

Department of Revenue Sets 2009 Tax Interest Rate

FRANKFORT, Ky. — Pursuant to KRS 131.183 et seq., the Commissioner of the Department of Revenue has set the following tax interest rates: for taxes underpaid the interest rate shall be seven percent; for taxes overpaid the interest rate shall be three percent when interest is required to be paid,

The rates, effective Jan. 1, 2009, are based on the prime rate charged by Kentucky banks during October 2008. A recent survey of Kentucky banks showed the average prime interest rate in October was 4.6 percent. Pursuant to KRS 131.183(1)(c), the average prime rate is rounded to the nearest full percent, which is five percent.

Effective May 1, 2008, all taxes payable to the commonwealth that have not been paid at the time prescribed by statute shall accrue interest at the base rate plus two percent; when interest is paid on a refund, it shall be paid at the base rate minus two percent.

The Commissioner of the Department of Revenue is required by law to set the tax interest rate by Nov. 15 for the following calendar year.